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**TOWN OF JACKSON, LOUISIANA**

**FINANCIAL REPORT**

**SEPTEMBER 30, 2006**

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Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 4-25-07





**TOWN OF JACKSON, LOUISIANA**

**FINANCIAL REPORT**

**SEPTEMBER 30, 2006**



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**INDEPENDENT AUDITORS' REPORT**

To the Honorable Mayor and Members  
of the Board of Aldermen  
Town of Jackson, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Jackson (the Town), as of and for the year ended September 30, 2006, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town, as of September 30, 2006, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 3 through 9 and pages 33 through 37, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion to it.



In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2007 on our consideration of the Town of Jackson's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of our testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying supplementary information and statistical data on pages 38 through 43 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information presented on pages 38 through 40 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The statistical data presented on pages 41 through 43 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

*Postmaster: Notarville*

Baton Rouge, Louisiana  
March 27, 2007



## TOWN OF JACKSON, LOUISIANA

### MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2006

This section of the Town of Jackson, Louisiana's (the Town) annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year that ended on September 30, 2006. Please read it in conjunction with the Town's financial statements, which follow this section.

#### **FINANCIAL HIGHLIGHTS**

- The Town's combined total net assets increased by \$225,323 or 5.9% over the course of this year's operations. Net assets of our governmental activities increased \$84,218 (or 6.8%) while those of our business-type activities increased \$141,105 (or 5.4%).
- The overall increase in net assets was a result of revenues from utility fees, taxes, franchise fees and other revenues exceeding operating, depreciation, and other expenses.
- The general fund received new sales tax revenues collected by East Feliciana Parish in the amount of \$152,228.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of four parts—management's discussion and analysis (this section), the basic financial statements, required supplementary information, and an optional section that presents supplemental statements and schedules. The basic financial statements include two kinds of statements that present different views of the Town:

- The first two statements are government-wide financial statements that provide long-term and short-term information about the Town's overall financial status and economic condition.
- The remaining statements are fund financial statements that focus on individual parts of the Town government, reporting the Town's operations in more detail than the government-wide statements.
  - The governmental funds statements tell how general government services like public safety were financed in the short term as well as what remains for future spending.
  - Proprietary fund statements offer *short* and *long-term* financial information about the activities the government operates *like businesses*, such as the water, sewer and gas delivery systems.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.



**TOWN OF JACKSON, LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**September 30, 2006**

| Figure A-1<br>Major Features of Town's Government and Fund Financial Statements |  |  |   |  |
|---|--|--|---|--|
|   |  | Fund Statements  |   |  |
|   | Government-wide<br>Statements  | Governmental Funds   | Proprietary Funds   |  |
| Scope   | Entire Town government (except fiduciary funds)  | The activities of the Town that are not proprietary or fiduciary, such as police, fire, and streets  | Activities the Town operates similar to private businesses: the water, sewer and gas systems  |  |
| Required financial statements   | <ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul> | <ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>   | <ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenues, expense, and changes in net assets</li> <li>• Statement of cash flows</li> </ul> |  |
| Accounting basis and measurements focus   | Accrual accounting and economic resources focus  | Modified accrual accounting and current financial resources focus  | Accrual accounting and economic resources focus   |  |
| Type of asset/liability information   | All assets and liabilities, both financial and capital, and short-term and long-term                           | Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included  | All assets and liabilities, both financial and capital, and short-term and long-term  |  |
| Type of inflow/outflow information  | All revenues and expenses during year, regardless of when cash is received or paid                             | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter | All revenues and expenses during year, regardless of when cash is received or paid  |  |



## **TOWN OF JACKSON, LOUISIANA**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**September 30, 2006**

#### **Government-wide Statements**

The government-wide statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Town's net assets and how they have changed. Net assets—the difference between the Town's assets and liabilities—is one way to measure the Town's financial health, or position.

- Over time, increases or decreases in the Town's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Town, one needs to consider additional nonfinancial factors such as changes in the Town's property tax base and the condition of the Town's roads and utilities infrastructure.

The government-wide financial statements of the Town are divided into two categories:

- Governmental activities—most of the Town's basic services are included here, such as the police, fire, public works, parks department, and general administration. Property taxes, sales taxes, franchise fees and interest finance most of these activities.
- Business-type activities—The Town charges fees to customers to help it cover the costs of certain services it provides. The Town's water, gas and sewer systems are included here.

#### **Fund Financial Statements**

The fund financial statements provide more detailed information about the Town's most significant funds—not the Town as a whole. Funds are accounting devices that the Town uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law, while others may be required by bond covenants.
- Governmental funds - Most of the Town's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page that explains the relationship (or differences) between them.
- Proprietary funds - Services for which the Town charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-and short-term financial information. In fact, the Town's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.



**TOWN OF JACKSON, LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**September 30, 2006**

**FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE**

|  | <b>Table A-1</b>               |                                |
|--|--------------------------------|--------------------------------|
|  | <b>Town's Net Assets</b>       |                                |
|  | <b>Governmental Activities</b> | <b>Governmental Activities</b> |
|  | <b>2006</b>                    | <b>2005</b>                    |
| Current and other assets                           | \$ 234,530                     | \$ 172,355                     |
| Capital assets                                     | 850,009                        | 772,560                        |
| <b>Total assets</b>                                | <b>1,084,539</b>               | <b>944,915</b>                 |
| Current liabilities                                | (245,931)                      | (301,337)                      |
| <b>Total liabilities</b>                           | <b>(245,931)</b>               | <b>(301,337)</b>               |
| Net assets   |                                |                                |
| Invested in capital assets,<br>net of related debt | 816,741                        | 772,560                        |
| Restricted funds                                   | 488,591                        | 466,272                        |
| Unrestricted (deficit)                             | 25,138                         | 7,420                          |
| <b>Total net assets</b>                            | <b>\$ 1,330,470</b>            | <b>\$ 1,246,252</b>            |

|  | <b>Table A-1</b>                |                                 |
|--|---------------------------------|---------------------------------|
|  | <b>Town's Net Assets</b>        |                                 |
|  | <b>Business-Type Activities</b> | <b>Business-Type Activities</b> |
|  | <b>2006</b>                     | <b>2005</b>                     |
| Current and other assets                           | \$ 723,350                      | \$ 876,585                      |
| Capital assets                                     | 2,779,733                       | 2,762,500                       |
| <b>Total assets</b>                                | <b>3,503,083</b>                | <b>3,639,085</b>                |
| Current liabilities                                | 467,965                         | 733,618                         |
| Long term Liabilities                              | 293,905                         | 305,359                         |
| <b>Total liabilities</b>                           | <b>761,870</b>                  | <b>1,038,977</b>                |
| Net assets   |                                 |                                 |
| Invested in capital assets,<br>net of related debt | 2,407,543                       | 2,356,250                       |
| Restricted funds                                   | 520,108                         | 503,888                         |
| Unrestricted (deficit)                             | (186,438)                       | (260,030)                       |
| <b>Total net assets</b>                            | <b>\$ 2,741,213</b>             | <b>\$ 2,600,108</b>             |

Net assets of the Town's governmental activities increased 6.8 percent to approximately \$1.33 million as a result of the new sales tax revenue allocated to the general fund and investments made in machinery and equipment. Net assets of the Town's business-type activities increased 5.4 percent to approximately \$2.74 million primarily as a result of capital improvements funded from a federal grant.



**TOWN OF JACKSON, LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**September 30, 2006**

Changes in net assets. The Town's total change in net assets was \$225,323; \$84,218 from governmental activities and \$141,105 from business-type activities. The changes in net assets result from those activities' revenues exceeding (or falling short) of expenses. Table A-2 shows the composition of revenues and summarizes the expenses by function or service area.

|  | <b>Table A-2</b>                    |                                |
|--|-------------------------------------|--------------------------------|
|  | <b>Changes in Town's Net Assets</b> |                                |
|  | <b>Governmental Activities</b>      | <b>Governmental Activities</b> |
|  | <b>2006</b>                         | <b>2005</b>                    |
| <b>Revenues</b>                          |                                     |                                |
| <b>Program revenues</b>                  |                                     |                                |
| Charges for services                     | \$ 50,619                           | \$ 76,775                      |
| Operating grants                         | -                                   | 44,709                         |
| <b>General revenues</b>                  |                                     |                                |
| Taxes                                    | 399,991                             | 215,933                        |
| Licenses and permits                     | 77,997                              | 87,497                         |
| Miscellaneous                            | 273,680                             | 134,403                        |
| <b>Total revenues</b>                    | <b>802,287</b>                      | <b>559,317</b>                 |
| <b>Expenses</b>                          |                                     |                                |
| General government                       | 326,557                             | 331,225                        |
| Public safety                            | 385,587                             | 357,032                        |
| Recreation                               | 5,925                               | 15,620                         |
| <b>Total expenses</b>                    | <b>718,069</b>                      | <b>703,877</b>                 |
| <b>Transfers</b>                         | <b>-</b>                            | <b>135,000</b>                 |
| <b>Increase (decrease) in net assets</b> | <b>\$ 84,218</b>                    | <b>\$ (9,560)</b>              |

|                                  | <b>Table A-2</b>                    |                                 |
|----------------------------------|-------------------------------------|---------------------------------|
|                                  | <b>Changes in Town's Net Assets</b> |                                 |
|                                  | <b>Business-Type Activities</b>     | <b>Business-Type Activities</b> |
|                                  | <b>2006</b>                         | <b>2005</b>                     |
| <b>Revenues</b>                  |                                     |                                 |
| <b>Program revenues</b>          |                                     |                                 |
| Charges for services             | \$ 824,048                          | \$ 735,950                      |
| Capital grants and contributions | 183,009                             | 771,075                         |
| <b>General revenues</b>          |                                     |                                 |
| Miscellaneous                    | 12,375                              | 8,378                           |
| <b>Total revenues</b>            | <b>1,019,432</b>                    | <b>1,515,403</b>                |
| <b>Expenses</b>                  |                                     |                                 |
| Services - Utilities             | 878,327                             | 748,211                         |
| <b>Total expenses</b>            | <b>878,327</b>                      | <b>748,211</b>                  |
| <b>Transfers</b>                 | <b>-</b>                            | <b>(135,000)</b>                |
| <b>Increase in net assets</b>    | <b>\$ 141,105</b>                   | <b>\$ 632,192</b>               |



# **TOWN OF JACKSON, LOUISIANA**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**September 30, 2006**

### **FINANCIAL ANALYSIS OF THE TOWN'S FUNDS**

As the Town completed the year, its governmental funds reported a combined fund balance of \$513,729, consisting of \$25,138 in the general fund and \$488,591 in the special revenue fund. The \$25,138 in the general fund is unreserved and available for spending. Of the \$488,591 in the special revenue fund, \$128,295 is unreserved and available for spending, while \$360,296 is reserved awaiting repayment from the Town's other funds.

### **General Fund Budgetary Highlights**

Over the course of the year, the Board of Alderman revised the Town budget. These budget amendments resulted from:

- Receipt of new sales tax revenues allocated to the general fund.
- Increased operating expenses and grant funding outlays.

Under the revised budget, the general fund operated at a net surplus of \$17,719, which was \$16,045 more than the originally budgeted surplus of \$1,674.

### **CAPITAL ASSETS**

At the end of September, 2006, the Town had invested approximately \$3.6 million in a broad range of capital assets, including police and fire equipment, buildings, vehicles, streets, and water and sewer systems. See Table A-3. This amount represents a net increase (including additions and deductions) of approximately \$94,000, or 2.6 percent over last year.

|                          | <b>Table A-3<br/>Town's Capital Assets<br/>(net of depreciation)</b> |                   |                            |                     |
|--------------------------|--|-------------------|----------------------------|---------------------|
|                          | <b>Governmental Activities</b>                                       |                   | <b>Business Activities</b> |                     |
|                          | <b>2006</b>  | <b>2005</b>       | <b>2006</b>                | <b>2005</b>         |
| Land                     | \$ 26,000  | \$ 26,000         | \$ 18,300                  | \$ 18,300           |
| Buildings                | 115,859  | 120,202           | 23,815                     | 25,886              |
| Other Improvements       | 307,994  | 341,168           | 2,729,819                  | 1,931,072           |
| Equipment                | 400,156  | 285,190           | 7,799                      | 10,183              |
| Construction in Progress | -  | -                 | -                          | 777,057             |
| <b>Total</b>             | <b>\$ 850,009</b>  | <b>\$ 772,560</b> | <b>\$ 2,779,733</b>        | <b>\$ 2,762,498</b> |

This year's major capital asset additions included:

- Completion of the sewer system's oxidation pond costing \$193,235.
- Bulldozer for streets and sidewalks repairs costing \$61,970.
- Flat-bed trash truck costing approximately \$26,000
- Excavator costing approximately \$ 30,000.



**TOWN OF JACKSON, LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**September 30, 2006**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Town's major sources of revenue for the general fund have historically consisted of property taxes, utility franchise fees, licenses and permits, and fines. However, a general use sales tax was passed by the voters of East Feliciana Parish which is now allocated to municipalities within the Parish. This tax generated approximately \$150,000 in additional operating funds for the Town for the 2006 fiscal year and eliminated the need to subsidize the general fund's operations through transfers from the utility fund. Utility rates will remain unchanged and therefore service fee revenue should remain constant, except for any fluctuations in gas revenue which fluctuates according to the Town's cost. Expenses of the utility fund are not expected to increase substantially, except for the costs of gas, which may continue an increasing trend from the past several years.

**CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town's mayor, Charles Coleman, 1610 Charter Street, Jackson, LA 70748, (225) 634-7777.



**TOWN OF JACKSON, LOUISIANA**  
**STATEMENT OF NET ASSETS**  
**September 30, 2006**

|   | <b><u>Governmental<br/>Activities</u></b> | <b><u>Business-type<br/>Activities</u></b> | <b><u>Total</u></b>        |
|---|---|--|----------------------------|
| <b><u>ASSETS</u></b>                            |   |  |                            |
| Cash  | \$ 129,230                                | \$ 645,258                                 | \$ 774,488                 |
| Property tax receivable                         | 5,740                                     | -  | 5,740                      |
| Accounts and other receivable (net )            | 37,683                                    | 76,317                                     | 114,000                    |
| Due from other governmental agencies            | 61,661                                    | -  | 61,661                     |
| Accrued interest receivable                     | 216                                       | 1,775                                      | 1,991                      |
| Capital assets:                                 |   |  |                            |
| Land  | 26,000                                    | 18,300                                     | 44,300                     |
| Other capital assets, net of depreciation       | 824,009                                   | 2,761,433                                  | 3,585,442                  |
| <b>TOTAL ASSETS</b>                             | <b><u>1,084,539</u></b>                   | <b><u>3,503,083</u></b>                    | <b><u>4,587,622</u></b>    |
| <b><u>LIABILITIES</u></b>                       |   |  |                            |
| Accounts payable                                | 29,015                                    | 2,271                                      | 31,286                     |
| Accrued liabilities                             | 25,809                                    | 1,967                                      | 27,776                     |
| Internal balances                               | (334,023)                                 | 334,023                                    | -                          |
| Accrued interest payable                        | -   | 7,113                                      | 7,113                      |
| Customer service meter deposits                 | -   | 51,419                                     | 51,419                     |
| Long-term liabilities:                          |   |  |                            |
| Due within one year                             | 33,268                                    | 71,172                                     | 104,440                    |
| Due in more than one year                       | -   | 293,905                                    | 293,905                    |
| <b>TOTAL LIABILITIES</b>                        | <b><u>(245,931)</u></b>                   | <b><u>761,870</u></b>                      | <b><u>515,939</u></b>      |
| <b><u>NET ASSETS</u></b>                        |   |  |                            |
| Invested in capital assets, net of related debt | 816,741                                   | 2,407,543                                  | 3,224,284                  |
| Restricted for:                                 |   |  |                            |
| Streets and sidewalks                           | 488,591                                   | -  | 488,591                    |
| Bond debt service                               | -   | 479,539                                    | 479,539                    |
| Customer deposits                               | -   | 40,569                                     | 40,569                     |
| Unrestricted                                    | 25,138                                    | (186,438)                                  | (161,300)                  |
| <b>TOTAL NET ASSETS</b>                         | <b><u>\$ 1,330,470</u></b>                | <b><u>\$ 2,741,213</u></b>                 | <b><u>\$ 4,071,683</u></b> |

The accompanying notes are an integral part of this statement.



**TOWN OF JACKSON, LOUISIANA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2006**

|                                 | Program Revenues    |                                       |                                  | Net (Expense) Revenue and Changes in Net Assets |                          | Total               |
|---------------------------------|---------------------|---------------------------------------|----------------------------------|---|--------------------------|---------------------|
|                                 | Expenses            | Fees, Fines, and Charges for Services | Capital Grants and Contributions | Governmental Activities                         | Business-Type Activities |                     |
| <b>Governmental:</b>            |                     |                                       |                                  |   |                          |                     |
| General government              | \$ 326,557          | \$ -                                  | \$ -                             | \$ (326,557)                                    | \$ -                     | \$ (326,557)        |
| Public safety                   | 385,587             | 50,619                                | -                                | (334,968)                                       | -                        | (334,968)           |
| Recreation                      | 5,925               | -                                     | -                                | (5,925)   | -                        | (5,925)             |
| Total governmental activities   | <u>718,069</u>      | <u>50,619</u>                         | <u>-</u>                         | <u>(667,450)</u>                                | <u>-</u>                 | <u>(667,450)</u>    |
| <b>Business-type:</b>           |                     |                                       |                                  |   |                          |                     |
| Utilities - Gas                 | 369,571             | 447,788                               | -                                | -   | 78,217                   | 78,217              |
| Utilities - Water               | 249,914             | 200,815                               | -                                | -   | (49,099)                 | (49,099)            |
| Utilities - Sewer               | 258,842             | 175,445                               | 183,009                          | -   | 99,612                   | 99,612              |
| Total business-type activities  | <u>878,327</u>      | <u>824,048</u>                        | <u>183,009</u>                   | <u>-</u>  | <u>128,730</u>           | <u>128,730</u>      |
| Total Town of Jackson           | <u>\$ 1,596,396</u> | <u>\$ 874,667</u>                     | <u>\$ 183,009</u>                | <u>\$ (667,450)</u>                             | <u>\$ 128,730</u>        | <u>\$ (538,720)</u> |
| <b>General Revenues:</b>        |                     |                                       |                                  |   |                          |                     |
| Taxes                           |                     |                                       |                                  | 399,991   | -                        | 399,991             |
| Licenses and permits            |                     |                                       |                                  | 77,997  | -                        | 77,997              |
| Intergovernmental               |                     |                                       |                                  | 7,966   | -                        | 7,966               |
| Interest                        |                     |                                       |                                  | 1,792   | 12,375                   | 14,167              |
| Gain on sale of equipment       |                     |                                       |                                  | 10,294  | -                        | 10,294              |
| Other                           |                     |                                       |                                  | 253,628   | -                        | 253,628             |
| Total general revenues          |                     |                                       |                                  | <u>751,668</u>                                  | <u>12,375</u>            | <u>764,043</u>      |
| Change in net assets            |                     |                                       |                                  | 84,218  | 141,105                  | 225,323             |
| Net assets - September 30, 2005 |                     |                                       |                                  | <u>1,246,252</u>                                | <u>2,600,108</u>         | <u>3,846,360</u>    |
| Net assets - September 30, 2006 |                     |                                       |                                  | <u>\$ 1,330,470</u>                             | <u>\$ 2,741,213</u>      | <u>\$ 4,071,683</u> |

The accompanying notes are an integral part of this statement.



**TOWN OF JACKSON, LOUISIANA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**September 30, 2006**

|  | General<br>Fund   | Special<br>Revenue<br>Fund | Total             |
|--|-------------------|----------------------------|-------------------|
| <b>ASSETS</b>                                  |                   |                            |                   |
| Cash   | \$ 13,707         | \$ 73,774                  | \$ 87,481         |
| Certificates of deposit                        | 5,103             | 36,646                     | 41,749            |
| Property taxes receivable                      | 5,740             | -                          | 5,740             |
| Other accounts receivable                      | 37,683            | -                          | 37,683            |
| Due from other governmental agencies           | 28,496            | 33,165                     | 61,661            |
| Due from other funds                           | 174,359           | 360,296                    | 534,655           |
| Accrued interest receivable                    | 8                 | 208                        | 216               |
| <b>TOTAL ASSETS</b>                            | <u>265,096</u>    | <u>504,089</u>             | <u>769,185</u>    |
| <b>LIABILITIES</b>                             |                   |                            |                   |
| Accounts payable                               | 13,517            | 15,498                     | 29,015            |
| Accrued liabilities                            | 25,809            | -                          | 25,809            |
| Due to other funds                             | 200,632           | -                          | 200,632           |
|  | <u>239,958</u>    | <u>15,498</u>              | <u>255,456</u>    |
| <b>FUND BALANCES</b>                           |                   |                            |                   |
| Reserved - net advances to/from other funds    | -                 | 360,296                    | 360,296           |
| Unreserved                                     | 25,138            | 128,295                    | 153,433           |
|  | <u>25,138</u>     | <u>488,591</u>             | <u>513,729</u>    |
| <b>TOTAL LIABILITIES AND<br/>FUND BALANCES</b> | <u>\$ 265,096</u> | <u>\$ 504,089</u>          | <u>\$ 769,185</u> |

The accompanying notes are an integral part of this statement.



**TOWN OF JACKSON, LOUISIANA**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**September 30, 2006**

|  |                    |                     |
|--|--------------------|---------------------|
| Total fund balances - Governmental Funds                         |                    | \$ 513,729          |
| Cost of capital assets at September 30, 2006                     | 1,870,087          |                     |
| Less: accumulated depreciation as of September 30, 2006          | <u>(1,020,078)</u> | 850,009             |
| Less: capital lease obligation                                   |                    | <u>(33,268)</u>     |
| Total net assets at September 30, 2006 - Governmental Activities |                    | <u>\$ 1,330,470</u> |

The accompanying notes are an integral part of this statement.



**TOWN OF JACKSON, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUND TYPES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2006**

|  | <u>General</u>   | <u>Special<br/>Revenue</u> | <u>Total</u>      |
|--|------------------|----------------------------|-------------------|
| <b><u>REVENUES</u></b>   |                  |                            |                   |
| Taxes  | \$ 194,592       | \$ 205,399                 | \$ 399,991        |
| Licenses and permits   | 77,997           | -                          | 77,997            |
| Intergovernmental revenues                                     | 7,966            | -                          | 7,966             |
| Fines and forfeitures  | 34,017           | -                          | 34,017            |
| Interest   | 204              | 1,588                      | 1,792             |
| Other revenue  | 270,230          | -                          | 270,230           |
| Total revenues   | <u>585,006</u>   | <u>206,987</u>             | <u>791,993</u>    |
| <b><u>EXPENDITURES</u></b>                                     |                  |                            |                   |
| General government   | 165,844          | 205,961                    | 371,805           |
| Public safety  | 395,518          | -                          | 395,518           |
| Recreation   | 5,925            | -                          | 5,925             |
| Debt service - Capital lease payment                           | -                | 40,677                     | 40,677            |
| Total expenditures   | <u>567,287</u>   | <u>246,638</u>             | <u>813,925</u>    |
| <b><u>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</u></b> | 17,719           | (39,651)                   | (21,932)          |
| <b><u>OTHER FINANCING SOURCES</u></b>                          |                  |                            |                   |
| Proceeds of capital lease                                      | -                | 61,970                     | 61,970            |
| Total other financing sources                                  | <u>-</u>         | <u>61,970</u>              | <u>61,970</u>     |
| <b><u>NET CHANGE IN FUND BALANCES</u></b>                      | 17,719           | 22,319                     | 40,038            |
| <b><u>FUND BALANCES</u></b>                                    |                  |                            |                   |
| Beginning of year  | 7,419            | 466,272                    | 473,691           |
| End of year  | <u>\$ 25,138</u> | <u>\$ 488,591</u>          | <u>\$ 513,729</u> |

The accompanying notes are an integral part of this statement.



**TOWN OF JACKSON, LOUISIANA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**September 30, 2006**

|  |           |
|--|-----------|
| Net change in fund balances - governmental funds | \$ 40,038 |
|--|-----------|

The change in net assets reported for governmental activities in the statement of activities is different because:

|   |               |
|---|---------------|
| Add: Capital outlay which is considered expenditures                            | 183,760       |
| Less: Depreciation expense  | (105,906)     |
| Less: Proceeds of capital lease, considered liability                           | (61,970)      |
| Add: Lease payments applied to the principal (debt) portion of lease obligation | <u>28,296</u> |

|   |                  |
|---|------------------|
| Change in net assets of governmental activities | <u>\$ 84,218</u> |
|---|------------------|

The accompanying notes are an integral part of this statement.



**TOWN OF JACKSON, LOUISIANA**  
**BALANCE SHEET**  
**PROPRIETARY FUND**  
**September 30, 2006**

**ASSETS**

**CURRENT ASSETS**

|                             |                |
|-----------------------------|----------------|
| Cash                        | \$ 73,731      |
| Accounts receivable (net)   | 76,317         |
| Accrued interest receivable | 1,775          |
| Total current assets        | <u>151,823</u> |

**RESTRICTED ASSETS**

|                                    |                |
|------------------------------------|----------------|
| Cash and certificates of deposit - |                |
| Revenue bond debt service          | 479,539        |
| Customers' service meter deposits  | 91,988         |
| Total restricted assets            | <u>571,527</u> |

**PROPERTY, PLANT, AND EQUIPMENT**

|                                    |                     |
|------------------------------------|---------------------|
| Land                               | 18,300              |
| Buildings                          | 70,909              |
| Improvements and infrastructure    | 5,008,493           |
| Equipment                          | 87,063              |
|                                    | <u>5,184,765</u>    |
| Less: allowance for depreciation   | (2,405,032)         |
| Net property, plant, and equipment | <u>2,779,733</u>    |
| Total assets                       | <u>\$ 3,503,083</u> |

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

|   |                |
|---|----------------|
| Accounts payable  | \$ 2,271       |
| Notes payable due within one year                       | 59,116         |
| Public utility revenue bond payable due within one year | 12,056         |
| Accrued interest payable                                | 7,113          |
| Customers' service meter deposits                       | 51,419         |
| Due to other funds                                      | 334,023        |
| Other current liabilities                               | 1,967          |
| Total current liabilities                               | <u>467,965</u> |

**LONG-TERM LIABILITIES**

|  |                |
|--|----------------|
| Public utility revenue bond payable - due after one year | 185,385        |
| Other liabilities  | 108,520        |
| Total long-term liabilities                              | <u>293,905</u> |
| Total Liabilities  | <u>761,870</u> |

**NET ASSETS**

|   |                  |
|---|------------------|
| Invested in capital assets, net of related debt | 2,407,543        |
| Restricted for debt service                     | 479,539          |
| Restricted - customer deposits                  | 40,569           |
| Unrestricted                                    | (186,438)        |
| Total Net Assets                                | <u>2,741,213</u> |

|                                  |                     |
|----------------------------------|---------------------|
| Total Liabilities and Net Assets | <u>\$ 3,503,083</u> |
|----------------------------------|---------------------|

The accompanying notes are an integral part of this statement.



**TOWN OF JACKSON, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2006**

**OPERATING REVENUES**

|                               |                |
|-------------------------------|----------------|
| Gas sales                     | \$ 439,501     |
| Water sales                   | 192,528        |
| Sewerage sales                | 167,158        |
| Penalties and service charges | 24,861         |
| Total operating revenues      | <u>824,048</u> |

**OPERATING EXPENSES**

|                                    |                |
|------------------------------------|----------------|
| Salaries                           | 111,134        |
| Wages                              | 78,384         |
| Audit and accounting               | 11,000         |
| Depreciation                       | 192,958        |
| Electricity                        | 31,639         |
| Employees' retirement expense      | 27,327         |
| Engineering fees                   | 5,550          |
| Gas purchases                      | 249,049        |
| Insurance                          | 45,483         |
| Legal                              | 1,350          |
| Maintenance, repairs, and supplies | 61,037         |
| Miscellaneous                      | 8,887          |
| Printing, stationery, and supplies | 12,152         |
| Payroll taxes                      | -              |
| Water pumpage charge               | 338            |
| Truck expense                      | 23,052         |
| Utilities                          | 5,309          |
| Total operating expenses           | <u>864,649</u> |

**LOSS FROM OPERATIONS**

(40,601)

**NON-OPERATING REVENUES (EXPENSES)**

|   |                 |
|---|-----------------|
| Interest revenues                       | 12,375          |
| Interest expense                        | <u>(13,678)</u> |
| Total non-operating revenues (expenses) | <u>(1,303)</u>  |

**Loss before transfers and contributions**

(41,904)

Capital contributions

183,009

**CHANGE IN NET ASSETS**

141,105

Net assets - beginning of year

2,600,108

Net assets - end of year

\$ 2,741,213

The accompanying notes are an integral part of this statement.



**TOWN OF JACKSON, LOUISIANA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2006**

**CASH FLOWS FROM OPERATING ACTIVITIES**

|   |               |
|---|---------------|
| Cash received from customers                  | \$ 816,630    |
| Cash paid to suppliers for goods and services | (534,655)     |
| Cash paid to employees for services           | (189,518)     |
| Net cash provided by operating activities     | <u>92,457</u> |

**CASH FLOWS FROM CAPITAL AND  
RELATED FINANCING ACTIVITIES:**

|   |                 |
|---|-----------------|
| Acquisition and construction of capital assets            | (210,192)       |
| Principal repayments of notes payable                     | (22,706)        |
| Principal paid on revenue bonds                           | (10,880)        |
| Interest paid on revenue bonds and notes                  | (11,376)        |
| Capital grants received                                   | 183,009         |
| Net cash used in capital and related financing activities | <u>(72,145)</u> |

**CASH FLOWS FROM INVESTING ACTIVITIES**

|   |               |
|---|---------------|
| Interest earned on investments            | <u>12,375</u> |
| Net cash provided by investing activities | <u>12,375</u> |

|   |                   |
|---|-------------------|
| Net increase in cash and cash equivalents     | 32,687            |
| Cash and cash equivalents - beginning of year | <u>612,571</u>    |
| Cash and cash equivalents - end of year       | <u>\$ 645,258</u> |
| Cash shown on balance sheet under:            |                   |
| Current assets                                | 73,731            |
| Restricted Assets                             | <u>571,527</u>    |
|   | <u>\$ 645,258</u> |

The accompanying notes are an integral part of this statement.



**TOWN OF JACKSON, LOUISIANA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2006**

**RECONCILIATION OF LOSS FROM OPERATIONS**  
**TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

|  |                  |
|--|------------------|
| Loss from operations   | \$ (40,601)      |
| Adjustments to reconcile loss from operations to net cash<br>provided by operating activities: |                  |
| Depreciation   | 192,958          |
| Net change in assets and liabilities:  |                  |
| Accounts receivable  | (8,005)          |
| Customer service meter deposits  | 1,062            |
| Other liabilities  | (1,508)          |
| Due to other funds   | <u>(51,449)</u>  |
| Total adjustments  | <u>133,058</u>   |
| Net cash provided by operating activities  | <u>\$ 92,457</u> |

The accompanying notes are an integral part of this statement.



## TOWN OF JACKSON, LOUISIANA

### NOTES TO FINANCIAL STATEMENTS

#### 1. Summary of significant accounting policies

The Town of Jackson, Louisiana (the Town) was incorporated on April 2, 1832, and operates under a Mayor - Board of Aldermen form of government. As authorized by its charter, the Town is responsible for public safety, highways and streets, sanitation, recreation, public improvements, and general administrative services.

The accounting and reporting practices of the Town of Jackson conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The Town's reporting entity applies all relevant Government Accounting Standards (GASB) pronouncements. The Town's proprietary fund applies all Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB pronouncements prevail. Such accounting and reporting procedures conform to the requirements of Louisiana Revised Statute 24:517, to the guidance set forth in the *Louisiana Governmental Accounting Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units* published by the American Institute of Certified Public Accountants.

The following is a summary of certain significant accounting policies and practices:

#### Financial reporting entity

Statement No. 14 of the Governmental Accounting Standards Board (GASB), *The Financial Reporting Entity*, establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Since the Town is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments, it is considered a primary government under the provisions of this Statement. As used in GASB Statement 14, fiscally independent means that the Town may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. Additionally, the Town does not have any components units, which are defined by GASB Statement No. 14 as other legally separate organizations for which the elected officials are financially accountable. There are no other primary governments with which the Town has a significant relationship.

#### Basis of Presentation

*Government-wide Statements:* The statement of net assets and the statement of activities display information about the Town of Jackson as a whole entity. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between *the governmental and business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions, while business-type activities are financed in whole or in part by fees charged to external parties.

The statement of net assets presents the assets and liabilities of each activity, with the difference reported as net assets. Net assets are further segregated between the amount invested in capital assets, amounts which are restricted, and those which are unrestricted.



## TOWN OF JACKSON, LOUISIANA

### NOTES TO FINANCIAL STATEMENTS

#### **1. Summary of Significant Accounting Policies (continued)**

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*Fund Financial Statements:* The fund financial statements provide information about the Town's funds. Separate statements for each fund category—*governmental and proprietary*—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

The Town reports the following major governmental funds:

- a. General Fund - This is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- b. Special Revenue Fund - This fund accounts for the collection and expenditure of the sales tax received from the East Feliciana Police Jury whose use is restricted to streets and sidewalks within the Town.

The Town reports the following major enterprise fund:

Public Utilities Fund - As a proprietary fund, the public utility fund is used to account for operations, (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing the goods or services to the general public on a continuing basis be financed or recovered through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.



## TOWN OF JACKSON, LOUISIANA

### NOTES TO FINANCIAL STATEMENTS

#### 1. Summary of Significant Accounting Policies (continued)

##### Measurement Focus, Basis of Accounting

*Government-wide and Proprietary Fund Financial Statements.* The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and employ the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

*Governmental Fund Financial Statements.* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

##### Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.



## TOWN OF JACKSON, LOUISIANA

### NOTES TO FINANCIAL STATEMENTS

#### **1. Summary of significant accounting policies (continued)**

##### Budgets and budgetary accounting

The Town follows these procedures in establishing the budgetary data reflected in these financial statements:

1. A proposed budget is prepared and submitted to the Mayor and Board of Aldermen prior to the beginning of each fiscal year.
2. The proposed budget is published in the official journal and made available for public inspection. A public hearing is held to obtain taxpayer comments.
3. The budget is adopted through the passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
4. Budgetary amendments involving the transfer of funds from one department, program, or function to another or involving increases in expenditures resulting from revenues exceeding amounts originally estimated require the approval of the Board of Aldermen.
5. All budgetary appropriations lapse at the end of each fiscal year.
6. Budgets for the general, debt service, and proprietary funds are adopted on bases consistent with generally accepted accounting principles (GAAP).
7. Louisiana R.S. 39:1310 requires budgets to be amended when revenue collections plus projected revenue collections for the remainder of a year, within a fund, are failing to meet estimated annual budgeted revenues by five percent or more or expenditures plus projected expenditures for the remainder of the year, within a fund, are exceeding estimated budgeted expenditures by five percent or more.
8. The level of budgetary control is total appropriations. Budgeted amounts are as originally adopted.

##### Capital Assets

Depreciation of all exhaustible capital assets is charged as an expense against operations. Depreciation has been provided over the assets' estimated useful lives using the straight-line method. The estimated useful lives are as follows:

|                          |       |       |
|--------------------------|-------|-------|
| Sewerage system          | 25    | years |
| Gas plant and structures | 25    | years |
| Office equipment         | 5-10  | years |
| Automotive equipment     | 3-7   | years |
| Street improvements      | 10    | years |
| Buildings                | 40    | years |
| Heavy machinery          | 10-15 | years |

All capital assets are stated at historical cost.



**TOWN OF JACKSON, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**

**1. Summary of significant accounting policies (continued)**

**Cash and investments**

Cash and investments, which include demand deposit accounts, interest-bearing demand deposit accounts, and certificates of deposit, are stated at cost, which approximates market. Under Louisiana Revised Statutes 39:1271 and 33:2955, the Town may deposit funds in demand deposit accounts, interest-bearing demand deposit accounts, money market accounts, and time certificates of deposit with state banks organized under Louisiana law and national banks having principal offices in Louisiana.

**Accounts receivable**

Uncollectible amounts due from customers for utility services are recognized through the establishment of an allowance for bad debts account at the time information becomes available which indicates the collectibility of the particular receivable.

**Accumulated unpaid vacation**

Employees earn vacation and sick leave at various rates depending upon length of their employment.

**Transfers in and out**

Advances between funds which are not expected to be repaid are accounted for as transfers. In those cases where repayment is expected, the transfers are accounted for through the various due from and due to accounts.

**Statements of cash flows**

For purposes of the statements of cash flows, the Town considers all highly liquid investments (including restricted assets) with original maturities of three months or less to be cash equivalents.

**Encumbrances**

Encumbrances accounting, under which contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Town.

**Operating vs. non-operating revenue**

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principle activity of the fund. Nonoperating revenues, such as grant subsidies and investment earnings, result from non-exchange transactions or ancillary activities.



**TOWN OF JACKSON, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**

**2. Capital Assets**

Capital assets and depreciation activity as of and for the year ended September 30, 2006, are as follows:

Governmental activities:

|  | <u>Land</u>      | <u>Buildings</u>  | <u>Streets<br/>and Sidewalks</u> | <u>Equipment</u>  | <u>Total</u>      |
|--|------------------|-------------------|----------------------------------|-------------------|-------------------|
| Cost of Capital Assets<br>at September 30, 2005                          | \$ 26,000        | \$ 308,789        | \$ 471,649                       | \$ 888,389        | \$ 1,694,827      |
| Additions  | -                | 3,780             | -                                | 179,980           | 183,760           |
| Deletions  | -                | -                 | -                                | (8,500)           | (8,500)           |
| Cost of Capital Assets<br>at September 30, 2006                          | <u>26,000</u>    | <u>312,569</u>    | <u>471,649</u>                   | <u>1,059,869</u>  | <u>1,870,087</u>  |
| Accumulated depreciation<br>September 30, 2005                           | -                | 188,587           | 130,481                          | 603,199           | 922,267           |
| Additions  | -                | 8,123             | 33,174                           | 64,609            | 105,906           |
| Deletions  | -                | -                 | -                                | (8,095)           | (8,095)           |
| Accumulated depreciation<br>at September 30, 2006                        | <u>-</u>         | <u>196,710</u>    | <u>163,655</u>                   | <u>659,713</u>    | <u>1,020,078</u>  |
| Capital assets, net of accumulated<br>depreciation at September 30, 2006 | <u>\$ 26,000</u> | <u>\$ 115,859</u> | <u>\$ 307,994</u>                | <u>\$ 400,156</u> | <u>\$ 850,009</u> |

Depreciation expense for the year ended September 30, 2006 was charged to the following governmental functions:

|                    |                |
|--------------------|----------------|
| General government | 67,902         |
| Public safety      | 34,184         |
| Recreation         | <u>3,820</u>   |
|                    | <u>105,906</u> |



**TOWN OF JACKSON, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**2. Capital Assets (continued)**

Business-Type activities:

| <u>Land</u>      | <u>Buildings</u> | <u>Improvements &amp;<br/>Infrastructure</u> | <u>Equipment</u> | <u>Construction<br/>in Progress</u> | <u>Total</u>        |
|------------------|------------------|--|------------------|-------------------------------------|---------------------|
| \$ 18,300        | \$ 70,909        | \$ 4,025,572                                 | \$ 82,733        | \$ 777,057                          | \$ 4,974,571        |
| -                | -                | 982,921                                      | 4,330            | -                                   | 987,251             |
| -                | -                | -  | -                | (777,057)                           | (777,057)           |
| <u>18,300</u>    | <u>70,909</u>    | <u>5,008,493</u>                             | <u>87,063</u>    | <u>-</u>                            | <u>5,184,765</u>    |
| -                | 45,023           | 2,094,499                                    | 72,552           | -                                   | 2,212,074           |
| -                | 2,071            | 184,175                                      | 6,712            | -                                   | 192,958             |
| -                | -                | -  | -                | -                                   | -                   |
| -                | <u>47,094</u>    | <u>2,278,674</u>                             | <u>79,264</u>    | <u>-</u>                            | <u>2,405,032</u>    |
| <u>\$ 18,300</u> | <u>\$ 23,815</u> | <u>\$ 2,729,819</u>                          | <u>\$ 7,799</u>  | <u>\$ -</u>                         | <u>\$ 2,779,733</u> |



# TOWN OF JACKSON, LOUISIANA

## NOTES TO FINANCIAL STATEMENTS

### 3. Long-term obligations

#### Business Type Activities:

|                                 | <u>Balance</u><br><u>9/30/05</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance</u><br><u>9/30/06</u> | <u>Principal</u><br><u>Due Within</u><br><u>One Year</u> |
|---------------------------------|----------------------------------|------------------|--------------------|----------------------------------|--|
| 1979 water system revenue bonds | \$ 208,322                       | \$ -             | \$ 10,881          | \$ 197,441                       | \$ 12,056  |
| Notes payable-water system      | 81,822                           | -                | 22,706             | 59,116                           | 59,116   |
| Amounts due to Louisiana        |                                  |                  |                    |                                  |  |
| Dept. of Transportation         | <u>108,520</u>                   | <u>-</u>         | <u>-</u>           | <u>108,520</u>                   | <u>-</u>   |
|                                 | <u>\$ 398,664</u>                | <u>\$ -</u>      | <u>\$ 33,587</u>   | <u>\$ 365,077</u>                | <u>\$ 71,172</u>   |

During the year ended September 30, 1980, the Town issued \$373,000 of bonds in order to finance the upgrade and expansion of its water system. These bonds, which were dated January 18, 1979, are due in annual installments of \$21,924, including interest at 5.00%, through January 21, 2019.

The annual requirements to amortize all of the outstanding water system revenue bonds as of September 30, 2006 are as follows:

| <u>Year ending</u><br><u>September 30,</u> | <u>Interest</u>  | <u>Principal</u>  | <u>Total</u><br><u>Amount</u> |
|--|------------------|-------------------|-------------------------------|
| 2007                                       | \$ 9,868         | \$ 12,056         | \$ 21,924                     |
| 2008                                       | 9,264            | 12,660            | 21,924                        |
| 2009                                       | 8,632            | 13,292            | 21,924                        |
| 2010                                       | 7,967            | 13,957            | 21,924                        |
| 2011                                       | 7,269            | 14,655            | 21,924                        |
| 2012-2016                                  | 24,595           | 85,025            | 109,620                       |
| 2017-2019                                  | <u>3,861</u>     | <u>45,796</u>     | <u>49,657</u>                 |
|  | <u>\$ 71,456</u> | <u>\$ 197,441</u> | <u>\$ 268,897</u>             |

As part of the Bond agreement with Rural Economic and Community Development, the Town has agreed to comply with certain covenants. These consist, primarily, of reporting and audit requirements, insurance coverage, restrictions on additional debt, maintenance of various deposit accounts, and other administrative requirements.

Notes payable are as follows:

|   | <u>2006</u>      | <u>2005</u>      |
|---|------------------|------------------|
| Demand note, with a variable interest rate,<br>secured by certificates of deposit | <u>\$ 59,116</u> | <u>\$ 81,822</u> |



## TOWN OF JACKSON, LOUISIANA

### NOTES TO FINANCIAL STATEMENTS

#### 3. Long-term obligations (continued)

The annual requirements to amortize all of the outstanding notes payable as of September 30, 2006 are as follows:

| <u>Year ending<br/>September 30,</u> | <u>Interest</u> | <u>Principal</u> | <u>Total<br/>Amount</u> |
|--------------------------------------|-----------------|------------------|-------------------------|
| 2007                                 | \$ 1,221        | \$ 24,592        | \$ 25,813               |
| 2008                                 | 561             | 25,252           | 25,813                  |
| 2009                                 | 37              | 9,272            | 9,309                   |
|                                      | <u>\$ 1,819</u> | <u>\$ 59,116</u> | <u>\$ 60,935</u>        |

#### 4. Ad valorem taxes

Ad valorem taxes attach as enforceable liens on all applicable property on February 28<sup>th</sup> of each year. Taxes are levied and are actually billed to the taxpayers in November of each year. Billed ad valorem taxes become delinquent on January 2<sup>nd</sup> of the following calendar year.

The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of East Feliciana Parish. During the year ended September 30, 2006, taxes of 6.19 mills were levied on property with assessed valuations totaling \$6,659,050 and were dedicated for general purposes.

Ad valorem taxes levied during the year ended September 30, 2006 totaled approximately \$42,364. Of this amount, \$5,740 remained uncollected at September 30, 2006.

#### 5. Interfund receivables and payables

Interfund receivables and payables at September 30, 2006, were as follows:

| <u>Fund</u>          | <u>Interfund<br/>Receivables</u> | <u>Interfund<br/>Payables</u> |
|----------------------|----------------------------------|-------------------------------|
| General fund         | \$ 174,359                       | \$ 200,632                    |
| Proprietary fund     | -                                | 334,023                       |
| Special Revenue fund | 360,296                          | -                             |
|                      | <u>\$ 534,655</u>                | <u>\$ 534,655</u>             |



## TOWN OF JACKSON, LOUISIANA

### NOTES TO FINANCIAL STATEMENTS

#### **6. Defined benefit pension plan**

Substantially all employees of the Town of Jackson are members of either the Municipal Employees Retirement System of Louisiana or the Municipal Police Employees Retirement System of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

##### **a. Municipal Employees Retirement System of Louisiana (the System)**

*Plan description* - the system is composed of two distinct plans, Plan A and Plan B, which have separate assets and benefit provisions. All employees of the Town are members of Plan A.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and who are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan A, employees who retire at or after the age of 60 with at least 10 years of creditable service or at or after the age of 55 with at least 25 years of creditable service or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average monthly salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate their employment with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established and amended by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

*Funding policy* - under Plan A, members are required by state statute to contribute 9.25 percent of their annual covered salary to the System, and the Town of Jackson is required to make contributions at an actuarially determined rate. The rate paid by the Town during the past fiscal year ranged from 16.00 to 16.25 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of Jackson are established and amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Jackson's contributions to the System under Plan A during the years ending September 30, 2006, 2005, and 2004 were \$40,446, \$36,354, and \$31,879, respectively, equal to the required contributions for these years.



## TOWN OF JACKSON, LOUISIANA

### NOTES TO FINANCIAL STATEMENTS

#### 6. Defined benefit pension plan (continued)

##### b. Municipal Police Employees Retirement System of Louisiana (the System)

**Plan description** - all full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after the age of 50 with at least 20 years of creditable service or at or after the age of 55 with a least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3-1/3 percent of their final-average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate their employment with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established and amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8550 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

**Funding policy** - plan members are required by state statute to contribute 7.50 percent of their annual covered salary to the System, and the Town of Jackson is required to make contributions at an actuarially determined rate. The rate paid by the Town during the past fiscal year ranged from 15.50 to 16.25 percent of annual covered payroll. The contribution requirements of plan members and the Town of Jackson are established and amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Jackson contributions to the System during the years ending September 30, 2006, 2005, and 2004 were \$19,914, \$21,869, and \$15,014, respectively, equal to the required contributions for these years.

#### 7. Segments of enterprise activities

Gas, water, and sewerage services are provided by the Town and are financed by user charges. The significant financial data for the year ended September 30, 2006, for these three services are as follows:

|   | <u>Gas</u>    | <u>Water</u>     | <u>Sewer</u>     | <u>Total</u>     |
|---|---------------|------------------|------------------|------------------|
| Operating revenues                                  | \$ 447,788    | \$ 200,815       | \$ 175,445       | \$ 824,048       |
| Operating expenses                                  | 367,719       | 172,394          | 131,578          | 671,691          |
| Depreciation  | 15,540        | 51,098           | 126,320          | 192,958          |
| Income (loss) before transfers<br>and contributions | <u>64,529</u> | <u>( 22,677)</u> | <u>( 82,453)</u> | <u>( 40,601)</u> |
| Change in net assets                                | <u>69,931</u> | <u>( 30,003)</u> | <u>101,177</u>   | <u>141,105</u>   |
| Property, plant and<br>equipment additions          | 1,570         | 15,008           | 193,614          | 210,192          |
| Revenue bonds and notes<br>payable                  | -             | 256,558          | -                | 256,558          |



## TOWN OF JACKSON, LOUISIANA

### NOTES TO FINANCIAL STATEMENTS

#### **8. Restricted assets**

In accordance with the indenture governing the public utility revenue bonds, cash is periodically deposited into accounts administered by a Trustee bank. These bonds are a direct liability of the public utility fund and are serviced by the earnings from the Fund. Deposits are made to these trust accounts in accordance with the following requirements:

- (1) The "utility system revenue bond and interest sinking fund" requires that sufficient cash be accumulated to meet the annual installment of bond principal and interest which becomes due on January 18<sup>th</sup> of each year. The required funds for the years ended September 30, 2006 were deposited timely.
- (2) The "utility system revenue bond reserve fund" is supplemental to the account referred to in (1) above. The minimum balance to be maintained in this account is 20% of the amounts obligated to be deposited into the sinking fund and shall continue monthly until there is on deposit a sum equal to the highest combined principal and interest requirement in any succeeding fiscal year, according to the bond agreement. The Town has been making monthly deposits into this account in accordance with the FmHA's letter of conditions.
- (3) The "depreciation and contingency fund" requires a minimum balance of \$5,000. The Town has also been making the required deposits into this account.

The FmHA has agreed to the terms stated in its letter of conditions addressed to the Town dated August 25, 1978. The Town has complied with these conditions.

#### **9. Due from other governmental agencies**

Amounts due from other governmental agencies at September 30, 2006, consisted of \$61,661 due from the East Feliciana Parish Police Jury for sales taxes.

#### **10. Sales Taxes**

##### Streets and sidewalks

The Town receives 14.6863% of a one cent East Feliciana Parish sales tax collected on sales occurring within the Parish boundaries. These proceeds are restricted to the general maintenance and repairs of streets and sidewalks in the Town of Jackson. The Town recognized \$205,399 of sales tax revenue during the year ended September 30, 2006. This tax expires December 31, 2014.

##### General fund

The Town receives 13.46% of a one cent East Feliciana Parish sales tax collected on sales occurring within the Parish boundaries. These proceeds are available for any lawful purpose of operating a municipality. The Town recognized \$194,592 of sales tax revenue during the year ended September 30, 2006.



## **TOWN OF JACKSON, LOUISIANA**

### **NOTES TO FINANCIAL STATEMENTS**

#### **11. Collateralization of bank deposits**

Under state law, federal deposit insurance plus the pledge of securities owned by the fiscal agent bank must be of sufficient amount to secure all bank deposits (or the resulting bank balances). Governmental Accounting Standards Board (GASB) Statement No. 40, "Deposit and Investment Risk Disclosures" requires disclosure of custodial credit for bank deposits. Custodial credit risk is the risk that, in the event of the failure of a financial institution, a government will be unable to recover its deposits. The Town's bank balances (as opposed to the carrying amount below) totaled \$807,094. Of the bank balance, \$182,206 was secured by federal depository insurance, while \$624,888 was collateralized by securities held by the bank's agent in the Town's name and therefore not exposed to custodial credit risk.

At September 30, 2006, the carrying amounts of the Town's bank deposits totaled \$774,488.

#### **12. Excess of operating expenses over appropriations in individual funds**

Operating expenditures exceeded appropriations by \$8,461 in the General Fund and by \$118,248 in the Special Revenue Fund during the year ended September 30, 2006.

#### **13. Commitments and contingencies**

On January 31, 2006, the Louisiana Department of Environmental Quality issued a Consolidated Compliance Order and Notice of Potential Penalty to the Town as a result of a discharging sewer manhole. The Town has appealed any and all penalties due under the order and has submitted a corrective action plan (the plan) to remedy the cause of the problem. The plan calls for sewer system improvements estimated to cost \$500,000.



**REQUIRED SUPPLEMENTAL INFORMATION**

**BUDGETARY COMPARISON SCHEDULES**



**TOWN OF JACKSON, LOUISIANA**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**YEAR ENDED SEPTEMBER 30, 2006**

|  | Original<br>Budget | Final<br>Budget | Actual           | Variance<br>Favorable<br>(Unfavorable) |
|--|--------------------|-----------------|------------------|--|
| <b><u>REVENUES</u></b>   |                    |                 |                  |  |
| Ad valorem taxes   | \$ 52,000          | \$ 40,000       | \$ 42,364        | \$ 2,364                               |
| Sales Tax  | 100,000            | 130,000         | 152,228          | 22,228                                 |
| Licenses and permits   | 90,000             | 90,000          | 77,997           | (12,003)                               |
| Intergovernmental revenues:                                    |                    |                 |                  |  |
| Beer taxes   | 3,000              | 3,000           | 5,506            | 2,506                                  |
| State revenue sharing  | 4,000              | 4,000           | 2,460            | (1,540)                                |
| Fines and forfeitures  | 45,000             | 40,000          | 34,017           | (5,983)                                |
| Other  | 138,450            | 223,500         | 270,434          | 46,934                                 |
| Total revenues   | <u>432,450</u>     | <u>530,500</u>  | <u>585,006</u>   | <u>54,506</u>                          |
| <b><u>EXPENDITURES</u></b>                                     |                    |                 |                  |  |
| Current operating expenditures:                                |                    |                 |                  |  |
| General government   | 142,975            | 188,425         | 165,844          | 22,581                                 |
| Public safety  | 347,601            | 365,401         | 395,518          | (30,117)                               |
| Recreation   | 10,000             | 5,000           | 5,925            | (925)                                  |
| Total expenditures   | <u>500,576</u>     | <u>558,826</u>  | <u>567,287</u>   | <u>(8,461)</u>                         |
| <b><u>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</u></b> | (68,126)           | (28,326)        | 17,719           | 46,045                                 |
| <b><u>OTHER FINANCING SOURCES</u></b>                          |                    |                 |                  |  |
| Operating transfers in   | 80,000             | 30,000          | -                | (30,000)                               |
| Total other financing sources                                  | <u>80,000</u>      | <u>30,000</u>   | <u>-</u>         | <u>(30,000)</u>                        |
| <b><u>NET CHANGE IN FUND BALANCE</u></b>                       | 11,874             | 1,674           | 17,719           | 16,045                                 |
| <b><u>FUND BALANCE</u></b>                                     |                    |                 |                  |  |
| Beginning of year  | <u>7,419</u>       | <u>7,419</u>    | <u>7,419</u>     | <u>-</u>                               |
| End of year  | <u>\$ 19,293</u>   | <u>\$ 9,093</u> | <u>\$ 25,138</u> | <u>\$ 16,045</u>                       |



**TOWN OF JACKSON, LOUISIANA**  
**BUDGETARY COMPARISON SCHEDULE**  
**SCHEDULE OF OTHER REVENUE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2006**

|                             | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>     | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|-----------------------------|----------------------------|-------------------------|-------------------|---|
| <b><u>OTHER REVENUE</u></b> |                            |                         |                   |   |
| Utility franchise fees      | \$ 95,000                  | \$ 99,000               | \$ 126,399        | \$ 27,399                                       |
| Interest revenues           | -                          | -                       | 204               | 204   |
| Insurance reimbursement     | -                          | 5,000                   | 15,429            | 10,429  |
| Cablevision fees            | 4,300                      | 4,300                   | -                 | (4,300)   |
| Miscellaneous               | 39,150                     | 115,200                 | 128,402           | 13,202  |
| Total other revenue         | <u>\$ 138,450</u>          | <u>\$ 223,500</u>       | <u>\$ 270,434</u> | <u>\$ 46,934</u>                                |



**TOWN OF JACKSON, LOUISIANA**  
**BUDGETARY COMPARISON SCHEDULE**  
**SCHEDULE OF EXPENDITURES**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2006**

|                                  | Original<br>Budget | Final<br>Budget | Actual     | Variance<br>Favorable<br>(Unfavorable) |
|----------------------------------|--------------------|-----------------|------------|--|
| <b><u>GENERAL GOVERNMENT</u></b> |                    |                 |            |  |
| Legal                            | \$ -               | \$ 1,000        | \$ 2,115   | \$ (1,115)                             |
| Salaries                         | 24,697             | 24,697          | 24,143     | 554                                    |
| Audit and accounting fees        | 5,500              | 10,000          | 10,000     | -                                      |
| Engineering fees                 | 3,000              | 3,000           | -          | 3,000                                  |
| Electricity                      | 27,000             | 49,000          | 39,136     | 9,864                                  |
| Insurance                        | 30,000             | 41,000          | 29,638     | 11,362                                 |
| Health Insurance                 | 3,600              | 3,600           | 4,279      | (679)                                  |
| Coroner's fees                   | 3,000              | 1,500           | 1,750      | (250)                                  |
| Garbage disposal                 | 3,000              | 4,800           | 3,887      | 913                                    |
| Supplies and maintenance         | 3,000              | 3,500           | 9,030      | (5,530)                                |
| Miscellaneous                    | 9,300              | 9,300           | 9,590      | (290)                                  |
| Retirement                       | 7,228              | 7,228           | 7,746      | (518)                                  |
| Office supplies and printing     | 5,500              | 5,500           | -          | 5,500                                  |
| Truck and tractor expenses       | 1,500              | 1,500           | 365        | 1,135                                  |
| Telephone                        | 4,500              | 6,500           | 6,837      | (337)                                  |
| Wages                            | 1,000              | 1,000           | 1,443      | (443)                                  |
| Payroll taxes                    | 8,000              | 8,500           | 9,179      | (679)                                  |
| Dog pound expense                | 650                | 800             | -          | 800                                    |
| Cost of fixed assets             | 2,500              | 6,000           | 6,706      | (706)                                  |
| Total general government         | \$ 142,975         | \$ 188,425      | \$ 165,844 | \$ 22,581                              |



**TOWN OF JACKSON, LOUISIANA**  
**BUDGETARY COMPARISON SCHEDULE**  
**SCHEDULE OF EXPENDITURES**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2006**

|                                   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>   | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|-----------------------------------|----------------------------|-------------------------|-----------------|---|
| <b><u>PUBLIC SAFETY</u></b>       |                            |                         |                 |   |
| Police:                           |                            |                         |                 |   |
| Salaries                          | \$ 153,766                 | \$ 153,766              | \$ 170,623      | \$ (16,857)                                     |
| Capital outlay                    | 32,000                     | -                       | 14,326          | (14,326)  |
| Grant - rural development         | -                          | 50,000                  | 37,269          | 12,731  |
| Miscellaneous                     | 4,000                      | 4,000                   | 4,870           | (870)   |
| Retirement expense                | 19,000                     | 19,000                  | 19,914          | (914)   |
| Office supplies                   | 1,500                      | 2,500                   | -               | 2,500   |
| Vehicle expense                   | 20,000                     | 30,000                  | 31,221          | (1,221)   |
| Uniforms                          | 500                        | 500                     | 740             | (240)   |
| Insurance                         | 30,000                     | 20,000                  | 22,643          | (2,643)   |
| Insurance - health                | 18,000                     | 18,000                  | 18,227          | (227)   |
| Supplies and maintenance          | 10,000                     | 6,500                   | 6,241           | 259   |
| Telephone                         | 5,000                      | 5,000                   | 3,266           | 1,734   |
| Electricity                       | 4,000                      | 5,000                   | 6,163           | (1,163)   |
| Utilities                         | 1,530                      | 1,530                   | 1,698           | (168)   |
| Fine collection fees              | 2,000                      | 2,000                   | 1,343           | 657   |
| Total police                      | <u>301,296</u>             | <u>317,796</u>          | <u>338,544</u>  | <u>(20,748)</u>                                 |
| Fire:                             |                            |                         |                 |   |
| Jackson volunteer fire department | 7,000                      | 7,000                   | 6,270           | 730   |
| Insurance - health                | 3,600                      | 3,600                   | 12,456          | (8,856)   |
| Electricity                       | 2,500                      | 3,000                   | 4,167           | (1,167)   |
| Telephone                         | 1,200                      | 1,200                   | 702             | 498   |
| Vehicle expense                   | 5,000                      | 5,000                   | 5,844           | (844)   |
| Salaries                          | 17,425                     | 17,425                  | 18,066          | (641)   |
| Supplies and maintenance          | 7,000                      | 7,000                   | 5,610           | 1,390   |
| Utilities                         | 2,580                      | 3,380                   | 2,850           | 530   |
| Capital outlay                    | -                          | -                       | 1,009           | (1,009)   |
| Total fire                        | <u>46,305</u>              | <u>47,605</u>           | <u>56,974</u>   | <u>(9,369)</u>                                  |
| Total public safety               | <u>347,601</u>             | <u>365,401</u>          | <u>395,518</u>  | <u>(30,117)</u>                                 |
| <b><u>RECREATION</u></b>          |                            |                         |                 |   |
| Recreation department             | 10,000                     | 5,000                   | 5,925           | (925)   |
| Total recreation                  | <u>\$ 10,000</u>           | <u>\$ 5,000</u>         | <u>\$ 5,925</u> | <u>\$ (925)</u>                                 |



**TOWN OF JACKSON, LOUISIANA**  
**BUDGETARY COMPARISON SCHEDULE**  
**SPECIAL REVENUE FUND**  
**YEAR ENDED SEPTEMBER 30, 2006**

|  | Original<br>Budget | Final<br>Budget   | Actual            | Variance<br>Favorable<br>(Unfavorable) |
|--|--------------------|-------------------|-------------------|--|
| <b><u>REVENUES</u></b>   |                    |                   |                   |  |
| Taxes  | \$ 145,000         | \$ 180,000        | \$ 205,399        | \$ 25,399                              |
| Interest revenue   | 500                | 500               | 1,588             | 1,088                                  |
| Total revenues   | <u>145,500</u>     | <u>180,500</u>    | <u>206,987</u>    | <u>26,487</u>                          |
| <b><u>EXPENDITURES</u></b>                                     |                    |                   |                   |  |
| Current operating expenditures:                                |                    |                   |                   |  |
| General government   | 173,390            | 128,390           | 205,961           | (77,571)                               |
| Debt service - lease payment                                   | -                  | -                 | 40,677            | (40,677)                               |
| Total expenditures   | <u>173,390</u>     | <u>128,390</u>    | <u>246,638</u>    | <u>(118,248)</u>                       |
| <b><u>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</u></b> | <u>(27,890)</u>    | <u>52,110</u>     | <u>(39,651)</u>   | <u>(91,761)</u>                        |
| <b><u>OTHER FINANCING SOURCES</u></b>                          |                    |                   |                   |  |
| Proceeds of capital lease                                      | -                  | -                 | 61,970            | (61,970)                               |
| Total other financing sources                                  | <u>-</u>           | <u>-</u>          | <u>61,970</u>     | <u>(61,970)</u>                        |
| <b><u>NET CHANGE IN FUND BALANCE</u></b>                       | <u>(27,890)</u>    | <u>52,110</u>     | <u>22,319</u>     | <u>(29,791)</u>                        |
| <b><u>FUND BALANCE</u></b>                                     |                    |                   |                   |  |
| Beginning of year  | <u>466,272</u>     | <u>466,272</u>    | <u>466,272</u>    | <u>-</u>                               |
| End of year  | <u>\$ 438,382</u>  | <u>\$ 518,382</u> | <u>\$ 488,591</u> | <u>\$ (29,791)</u>                     |



**SUPPLEMENTARY INFORMATION**



**TOWN OF JACKSON, LOUISIANA**  
**STATEMENT OF REVENUES AND EXPENSES BY ACTIVITY - BUDGET (GAAP BASIS) AND ACTUAL**  
**ENTERPRISE FUNDS - PUBLIC UTILITY REVENUE FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2006**

|   | Gas       | Water     | Sewerage  | Actual Total | Budget Total | Variance<br>Favorable<br>(Unfavorable) |
|---|-----------|-----------|-----------|--------------|--------------|--|
| <b><u>OPERATING REVENUES</u></b>                        |           |           |           |              |              |  |
| Sales   | \$439,501 | \$192,528 | \$167,158 | \$799,187    | \$790,000    | \$9,187                                |
| Penalties and service charges                           | 8,287     | 8,287     | 8,287     | 24,861       | 20,260       | 4,601                                  |
| Total operating revenues                                | 447,788   | 200,815   | 175,445   | 824,048      | 810,260      | 13,788                                 |
| <b><u>OPERATING EXPENSES</u></b>                        |           |           |           |              |              |  |
| Salaries  | 31,202    | 39,545    | 40,387    | 111,134      | 120,000      | 8,866                                  |
| Wages   | 13,602    | 10,869    | 53,913    | 78,384       | 71,115       | (7,269)                                |
| Audit and accounting                                    | 11,000    | -         | -         | 11,000       | 11,000       | -                                      |
| Depreciation  | 15,540    | 51,098    | 126,320   | 192,958      | 160,000      | (32,958)                               |
| Electricity   | 4,798     | 21,667    | 5,174     | 31,639       | 30,000       | (1,639)                                |
| Employees' retirement                                   | 6,460     | 7,270     | 13,597    | 27,327       | 25,645       | (1,682)                                |
| Engineering fees  | -         | 5,550     | -         | 5,550        | 20,000       | 14,450                                 |
| Gas purchases   | 249,049   | -         | -         | 249,049      | 270,000      | 20,951                                 |
| Insurance   | 19,328    | 16,797    | 9,358     | 45,483       | 50,000       | 4,517                                  |
| Legal   | 450       | 450       | 450       | 1,350        | 1,350        | -                                      |
| Maintenance, repairs, supplies                          | 4,804     | 50,541    | 5,692     | 61,037       | 60,000       | (1,037)                                |
| Miscellaneous   | 3,139     | 4,396     | 1,352     | 8,887        | 17,200       | 8,313                                  |
| Printing, stationery, supplies                          | 46        | 12,060    | 46        | 12,152       | 9,000        | (3,152)                                |
| Water pumpage charge                                    | -         | 338       | -         | 338          | 500          | 162                                    |
| Truck expense   | 22,760    | 201       | 91        | 23,052       | 20,000       | (3,052)                                |
| Utilities   | 1,081     | 2,710     | 1,518     | 5,309        | 5,500        | 191                                    |
| Total operating expenses                                | 383,259   | 223,492   | 257,898   | 864,649      | 871,310      | 6,661                                  |
| <b><u>INCOME (LOSS)</u></b>                             |           |           |           |              |              |  |
| <b><u>FROM OPERATIONS</u></b>                           | 64,529    | (22,677)  | (82,453)  | (40,601)     | (61,050)     | 20,449                                 |
| <b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>         |           |           |           |              |              |  |
| Interest revenues                                       | 5,402     | 6,352     | 621       | 12,375       | 7,500        | 4,875                                  |
| Interest expense  | -         | (13,678)  | -         | (13,678)     | (18,000)     | 4,322                                  |
| Total non-operating                                     | 5,402     | (7,326)   | 621       | (1,303)      | (10,500)     | 9,197                                  |
| <b><u>Income before transfers and contributions</u></b> | 69,931    | (30,003)  | (81,832)  | (41,904)     | (71,550)     | 29,646                                 |
| Operating transfers out                                 | -         | -         | -         | -            | (30,000)     | 30,000                                 |
| Capital contributions                                   | -         | -         | 183,009   | 183,009      | 377,000      | (193,991)                              |
| <b><u>CHANGE IN NET ASSETS</u></b>                      | 69,931    | (30,003)  | 101,177   | 141,105      | 275,450      | (134,345)                              |



**TOWN OF JACKSON, LOUISIANA**  
**SCHEDULE OF CHANGES IN ASSETS RESTRICTED FOR REVENUE BOND DEBT SERVICE**  
**September 30, 2006**

|  | Bond and<br>Interest<br>Redemption | Reserve          | Depreciation<br>and<br>Contingency<br>Fund | Total             |
|--|------------------------------------|------------------|--|-------------------|
| Cash balance - October 1, 2005                 | \$ 62,909                          | \$ 38,320        | \$ 28,645                                  | \$ 129,874        |
| Cash receipts                                  |                                    |                  |  |                   |
| Transfers from other accounts                  | 22,080                             | 2,172            | 2,172                                      | 26,424            |
| Interest earned on investments                 | 5,871                              | 650              | -  | 6,521             |
| Interest earned on savings                     | 618                                | 399              | 299  | 1,316             |
|  | <u>28,569</u>                      | <u>3,221</u>     | <u>2,471</u>                               | <u>34,261</u>     |
| Cash disbursements                             |                                    |                  |  |                   |
| Principal payments                             | 11,482                             | -                | -  | 11,482            |
| Interest payments                              | 10,442                             | -                | -  | 10,442            |
|  | <u>21,924</u>                      | <u>-</u>         | <u>-</u>                                   | <u>21,924</u>     |
| Cash balance - September 30, 2006              | <u>\$ 69,554</u>                   | <u>\$ 41,541</u> | <u>\$ 31,116</u>                           | <u>\$ 142,211</u> |
| Investment balance - October 1, 2005           | \$ 196,645                         | \$ -             | \$ 135,549                                 | \$ 332,194        |
| Additions                                      | <u>-</u>                           | <u>-</u>         | <u>2,494</u>                               | <u>2,494</u>      |
| Investment balance - September 30, 2006        | <u>\$ 196,645</u>                  | <u>\$ -</u>      | <u>\$ 138,043</u>                          | <u>\$ 334,688</u> |
| Total cash and investment - September 30, 2006 | <u>\$ 266,199</u>                  | <u>\$ 41,541</u> | <u>\$ 169,159</u>                          | <u>\$ 476,899</u> |



**TOWN OF JACKSON, LOUISIANA**  
**SCHEDULE OF PRINCIPAL OFFICIALS AND SALARIES**  
**YEAR ENDED SEPTEMBER 30, 2006**

|   |                  |
|---|------------------|
| Charles Coleman<br>P.O. Box 33<br>Jackson, LA 70748<br>225-634-7351   | \$ 8,400         |
| Carneal Woodyear<br>P.O. Box 158<br>Jackson, LA 70748<br>225-634-2640 | 1,800            |
| Michael Harrell<br>P.O. Box 1248<br>Jackson, LA 70718<br>225-634-2335 | 1,800            |
| Donald Havard<br>P.O. Box 1086<br>Jackson, LA 70748<br>225-634-7453   | 1,800            |
| Keith Mills<br>P.O. Box 1672<br>Jackson, LA 70748<br>225-634-5725     | 1,800            |
| Henry Rogillio<br>P.O. Box 261<br>Jackson, LA 70748<br>225-634-7401   | <u>1,800</u>     |
|   | <u>\$ 17,400</u> |



**STATISTICAL DATA**



**TOWN OF JACKSON, LOUISIANA**

**INSURANCE-IN-FORCE**  
**SEPTEMBER 30, 2006**

| <u>Policy</u>   | <u>Name of Insurer</u>    | <u>Expiration<br/>Date</u> | <u>Coverage<br/>Limits</u> |
|---|---------------------------|----------------------------|----------------------------|
| Fire and Extended Coverage -<br>Building and Contents | Employers' Mutual         | 02-01-07                   | \$ 378,806                 |
| Public Official Bond                                  | Dart Insurance Agency     | 08-30-07                   | 65,000                     |
| Automobile Liability                                  | Louisiana Risk Management | 02-01-08                   | 500,000                    |
| General Liability                                     | Louisiana Risk Management | 02-01-08                   | 500,000                    |
| Police Professional<br>Liability                      | Louisiana Risk Management | 02-01-08                   | 500,000                    |
| Public Officials<br>Errors and Omissions              | Louisiana Risk Management | 02-01-08                   | 500,000                    |
| Worker's Compensation                                 | Louisiana Risk Management | 01-01-07                   | Statutory                  |
| Auto Physical Damage                                  | Lexington                 | 02-01-07                   | 172,323                    |
| Equipment   | Employers Mutual          | 02-01-07                   | 185,000                    |



**TOWN OF JACKSON, LOUISIANA**  
**PUBLIC UTILITY SYSTEM OPERATIONS**  
**SEPTEMBER 30, 2006**  
**(Without Audit)**

**Statistics on System Operations**

- (a) As of September 30, 2006, there were 469 and 873 metered customers for the gas and water systems, respectively. There were no unmetered customers for either the gas or water systems at September 30, 2006.
- (b) The following rate schedules were in effect during the fiscal year for gas and water:

|                                |                                     |
|--------------------------------|-------------------------------------|
| 1. Gas:                        | Rate per 1,000<br><u>Cubic Feet</u> |
| Minimum charge                 | \$ 12                               |
| First 1,000 cubic feet or less | 15.00 + amount above \$5.00 MCF     |
| Over 1,000 cubic feet          | 10.00 + amount above \$5.00 MCF     |

|                             |                                  |
|-----------------------------|----------------------------------|
| 2. Water:                   | Rate per<br><u>1,000 Gallons</u> |
| First 2,000 gallons or less | \$ 7.50                          |
| Next 13,000 gallons/Mgal    | 2.30                             |
| Next 35,000 gallons/Mgal    | 1.15                             |
| Over 50,000 gallons/Mgal    | 1.00                             |

- (c) Average monthly billing per residential customer was:

|          |                 |
|----------|-----------------|
| 1. Gas   | <u>\$ 59.33</u> |
| 2. Water | <u>\$ 16.78</u> |



**TOWN OF JACKSON, LOUISIANA**  
**PUBLIC UTILITY SYSTEM OPERATIONS**  
**SEPTEMBER 30, 2006**  
**(Without Audit)**

**Variance Between Gas Purchased and Sold**

| <u>Year Ended</u> | <u>Gas<br/>Purchased<br/>MCF's</u> | <u>Gas<br/>Billed<br/>MCF's</u> | <u>Leakage<br/>Variance<br/>MCF's</u> | <u>Percent<br/>of Gas<br/>Purchased</u> |
|-------------------|------------------------------------|---------------------------------|---------------------------------------|---|
| 09/30/06          | 22,418                             | 20,748                          | 1,670                                 | 7.4                                     |
| 09/30/05          | 21,248                             | 21,000                          | 248                                   | 1.2                                     |
| 09/30/04          | 24,449                             | 24,762                          | -                                     | -                                       |
| 09/30/03          | 28,184                             | 26,562                          | 1,622                                 | 5.8                                     |
| 09/30/02          | 26,944                             | 24,219                          | 2,725                                 | 10.1                                    |
| 09/30/01          | 31,101                             | 31,502                          | -                                     | -                                       |
| 09/30/00          | 25,608                             | 28,220                          | -                                     | -                                       |
| 09/30/99          | 26,573                             | 24,270                          | 2,303                                 | 8.67                                    |
| 09/30/98          | 31,645                             | 31,207                          | 438                                   | 1.38                                    |
| 09/30/97          | 29,716                             | 28,372                          | 1,344                                 | 4.52                                    |
| 09/30/96          | 36,279                             | 32,741                          | 3,538                                 | 9.75                                    |
| 09/30/95          | 28,888                             | 27,400                          | 1,488                                 | 5.15                                    |
| 09/30/94          | 35,550                             | 31,892                          | 3,658                                 | 10.29                                   |





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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND OTHER MATTERS  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and Members  
of the Board of Aldermen  
Town of Jackson, Louisiana

We have audited the basic financial statements of the Town of Jackson, Louisiana, as of and for the year ended September 30, 2006, and have issued our report thereon dated March 28, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance and other matters**

As part of obtaining reasonable assurance about whether the Town of Jackson's financial statements were free of material misstatement, we performed tests of its compliance and other matters with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have had a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not the objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2006-2 through 2006-4.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Town of Jackson's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted one certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Town's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 2006-1.



A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We believe that the lack of segregation of duties described in the accompanying schedule of findings and questioned costs is a material weakness.

This report is intended for the information of the Board of Aldermen, management of the Town of Jackson, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Postulante & Nettville*

Baton Rouge, Louisiana  
March 27, 2007



**TOWN OF JACKSON, LOUISIANA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED SEPTEMBER 30, 2006**

**A. Summary of Auditors' Results**

*Financial Statements*

Type of auditors' report issued: Unqualified

- Material weakness(es) identified?   x   yes        no
- Reportable condition(s) identified that are not considered to be material weaknesses?        yes   x   none reported

Noncompliance material to financial statements noted?   x   yes        no

**B. Findings- Financial Statement Audit:**

**2006-1            Segregation of duties**

*Criteria* - Segregation of duties is an integral part of internal controls; as such, policies and procedures should be in place to provide reasonable assurance that financial transactions are properly recorded.

*Condition* - The segregation of duties is inadequate to provide effective internal control as the performance of accounting procedures is limited to one person.

*Recommendation* - No action is recommended.

*Management's response* - We concur with the finding and the recommendation. Compensating controls do exist in that the Board of Aldermen reviews all invoices prior to disbursement. Additionally, the Board of Aldermen has decided that it would not be cost effective to increase the size of the administrative staff to achieve effective segregation of duties.

**2006-2            Approval of capital leases debt by the Louisiana Bond Commission**

*Criteria* - Louisiana Revised Statute 39:1410 requires local governments to obtain approval from the State Bond Commission prior to entering into capital lease agreements.

*Condition* - The Town entered into a lease-purchase agreement for a bulldozer which qualifies for capital lease treatment. The approval of the bond commission was not obtained.

*Effect* - The town is in violation of statute 39:1410.



**TOWN OF JACKSON, LOUISIANA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED SEPTEMBER 30, 2006**

2006-2            Approval of capital leases debt by the Louisiana Bond Commission (continued)

*Recommendation* – The Town should comply with the statute and obtain bond commission approval prior to entering into capital lease agreements. The Town should consult with their auditors or appropriate professionals whenever it leases equipment to determine if the lease qualifies as a capital lease.

*Management's Response* – The town will comply with the recommendations for future purchases.

2006-3            Public Bid Law

*Criteria* - LSA-RS 38:2212.1 states "Purchases of materials, supplies and equipment in excess of \$20,000 shall be advertised and let by contract to the lowest bidder who has bid according to the specifications as advertised, and no such purchase shall be made except as provided by this part".

*Condition* - During the year under audit the Town purchased an excavator in the amount of \$30,458 yet did not competitively bid the purchase in accordance with the statute. Additionally, the bulldozer (valued at approximately \$61,000) referred to in finding 2006-2 and bought under a lease-purchase agreement was not competitively bid.

*Effect* - The Town is out of compliance with the statute referred to above with regard to these purchases.

*Recommendation* - All purchases of materials, supplies and equipment in excess of \$ 20,000 should be bid in accordance with the statute referred to above.

*Management's Response* – The town will follow above recommendations for future purchases in excess of \$20,000

2006-4            Violation of State Budget Law

*Criteria* - La Revised Statute 39:1310 requires governments to amend general and special revenue fund budgets when actual expenditures plus expected expenditures exceed budgeted amounts by 5% or more or when actual revenues plus expected revenues will fall short of budgeted amounts by 5% or more.

*Condition* - The Special Revenue Fund's actual expenditures exceeded its budget by 47.9%.



**TOWN OF JACKSON, LOUISIANA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED SEPTEMBER 30, 2006**

2006-4      Violation of State Budget Law (continued)

*Effect* - The Town is in violation of the statute.

*Recommendation* - We recommend that all programs adhere to its adopted budget and monitor compliance. When it becomes apparent that expenditures will exceed the budget by 5% or more, or when revenues will fall short by 5% or more, the budget should be brought before the board for amendment.

*Management's Response* - The town will monitor expenditure closely and bring the budget before the board as needed for amendments.



**TOWN OF JACKSON, LOUISIANA**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**YEAR ENDED SEPTEMBER 30, 2006**

2005-1            Segregation of duties

*Criteria* - Segregation of duties is an integral part of internal controls; as such, policies and procedures should be in place to provide reasonable assurance that financial transactions are properly recorded.

*Condition* - The segregation of duties is inadequate to provide effective internal control as the performance of accounting procedures is limited to one person.

*Recommendation* - No action is recommended.

*Current Status* - the condition remains. *The Board of Aldermen has decided that it would not be cost effective to increase the size of the administrative staff to achieve effective segregation of duties.*

2005-2            State Budget Law Violation

*Criteria* - La Revised Statute 39:1310 requires governments to amend general and special revenue fund budgets when actual expenditures plus expected expenditures exceed budgeted amounts by 5% or more or when actual revenues plus expected revenues will fall short of budgeted amounts by 5% or more.

*Condition* - The General Fund's actual expenditures exceeded its budget by 7.8%.

*Effect* - The Town is in violation of the statute.

*Recommendation* - We recommend that all programs adhere to its adopted budget and monitor compliance. When it becomes apparent that expenditures will exceed the budget by 5% or more, or when revenues will fall short by 5% or more, the budget should be brought before the board for amendment.

*Current Status* - *The budgets are monitored on an ongoing basis. Amendments to the budget were approved by the Board of Alderman as needed during 2005-2006.*